

Top Secret



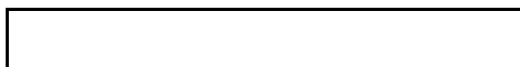
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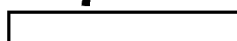
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State Dept. review completed

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ISRAEL-FEDAYEEN

Despite widespread apprehension in Lebanon over Israeli reprisals for the fedayeen raid on Wednesday, the Rabin government thus far has only indirectly hinted at the possibility of reprisal.

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Tel Aviv seems more anxious at this point, however, not to let the terrorist incident sour the negotiating atmosphere with Cairo. The Israelis have taken pains to refute the terrorists' cover story that the seaborne raid was launched from Egypt, and Defense Minister Peres said that the crew of the raiders' mother ship, seized yesterday by the Israeli navy, confessed that they came from Beirut. Israeli military intelligence chief General Gazit went so far as to claim he had firm proof that the raid was a fedayeen provocation "clearly directed against Egypt."

Cairo's commentary on the raid has been restrained. A spokesman for President Sadat yesterday confined himself to noting that the incident highlights "the current explosive situation" and points up the necessity for a meaningful disengagement to stabilize the situation.

The Palestine Liberation Organization publicly has claimed responsibility for the attacks, and the US embassy in Beirut believes it must have been cleared by the top PLO leadership. Palestinian broadcasts have claimed that the raiders' target was the US embassy in Tel Aviv and that the attack was designed to thwart Secretary Kissinger's "conspiratorial efforts" to disrupt Arab unity.

Aside from Tel Aviv's and Cairo's effort to play down any negative impact of the raid on negotiations, the significance of the incident appears to be its testimony to the serious strains in Egyptian-PLO relations. By authorizing the cover story that the raid emanated from Egypt, the PLO appears to have been bent not only on heightening tension between Cairo and Tel Aviv but on

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attempting a variant of the obdurate strategy it so successfully used to reduce Sadat's maneuverability on negotiations at the Arab summit in Rabat last year. By dramatizing their frustration with Sadat, they probably hope that other Arab leaders will pressure him now into insisting more strongly that the US, at least, cannot afford to ignore indefinitely the PLO's claims.

The efforts of Sadat, Arafat, and the other Arab principals to extricate themselves from this imbroglio are likely to form a major backdrop to the current negotiations.

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ARAB STATES - ISRAEL*

Political and military activity among the Arab front-line states and Israel during the past week suggests that these governments hope--and in some cases expect--that further steps toward peace will result from Secretary Kissinger's current visit to the Middle East. The fedayeen raid on Tel Aviv Wednesday night will probably have no adverse effect on the coming negotiations between Israel and Egypt.

There has been no relaxation, however, in armed forces readiness. The military forces of both sides remain in forward positions, from which they could launch attacks with little or no warning.

Egypt has continued to augment and consolidate its military dispositions along the Suez Canal, as it has been doing for the past month. Troop strength along the Suez Canal has been strengthened with an additional infantry division.

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Observed Israeli reaction to the Egyptian activity has so far been limited to public expressions of concern by military spokesmen. Chief of Staff Gur told a press conference on February 18 that the Egyptian army east of the Suez Canal has "definitely" been reinforced. Although Gur admitted that very little of this activity was in violation of the disengagement agreement, he asserted that Israel was disturbed and was putting Egypt on notice that its actions have not gone unnoticed. If the process continues, he said, Israel will have to judge whether such actions constitute a threat requiring "concrete reaction." Variations on this theme have since been played by Israeli commentators and by embassy spokesmen in Washington.

The Egyptian actions are not readily explainable in the context of Cairo's optimistic attitude toward negotiations. Since Secretary Kissinger's departure from

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the Middle East in mid-February, Egyptian media have spoken daily--and with considerable optimism--of the prospects for concluding a disengagement agreement during the Secretary's visit this month. Press commentators and government officials have been at pains to reassure Arab doubters that another Egyptian-Israeli agreement will not end Egypt's obligations to the other Arabs, while President Sadat has publicly shown signs of flexibility intended to ease Israeli misgivings as well.

Claiming, for Arab ears, that no political concessions can be given Israel in return for a further withdrawal, Sadat has at the same time obliquely suggested, for Israeli ears, that as long as negotiations remain alive, the US could serve as a guarantor of Egypt's pledge to refrain from war. Sadat's public facing-down of the PLO on the issue of Egypt's right to continue disengagement talks can also be taken as an indicator of his commitment to the negotiating process and his expectation that the results will justify the risks he is accused of taking.

The Syrians, acutely aware of Cairo's pivotal role in negotiations, have tried to keep the pressure on Sadat in hopes of preventing him from concluding an agreement with Israel that fails to take into account Syrian and Palestinian interests. At the same time, President Asad struck a more positive note by declaring in a recent interview in Newsweek that Syria was ready, if and when the terms were right, to sign a formal peace treaty with Israel. Asad probably hopes this will encourage Israeli leaders to consider a further withdrawal on the Golan Heights as soon as the next Sinai accord is reached.

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OPEC

The first summit meeting of OPEC chiefs of state concluded yesterday in Algiers without agreement on a strategy for the conference of consumers and producers.

The OPEC leaders endorsed a noncommittal declaration of principles, accepting only 14 of 48 propositions submitted by Algerian President Boumediene. The heads of state gave general approval to his proposal for a five-year stabilization of the price of oil and endorsed the principle of indexing oil prices to imports by OPEC members, but they left to expert committees the task of devising how such a scheme would work.

The OPEC leaders decided to shelve Algeria's proposals that would have committed oil producers to specific steps designed to ease the burden of oil prices on the developing countries and to press for reform of the international trade and monetary systems. The moderate oil producers apparently want to ensure that Algeria does not emerge as the spokesman for OPEC at coming consumer-producer meetings.

The chiefs of state also rejected, for the time being, Boumediene's proposals that oil consumers guarantee the producers a minimum long-term oil price, offer protection for OPEC foreign investments, reform the world monetary system to protect the producers from declines in the value of consumer-country currencies, and agree to join in setting up a massive aid fund for developing countries. According to press reports, Saudi Arabia, Iran, and Venezuela led the way in rejecting the establishment of the \$10-15-billion aid fund for the developing states. The conferees, in addition, passed over a proposal that oil producers undertake a program to supply approximately two thirds of the impoverished countries' fertilizer needs.

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IRAN-IRAQ

The Shah of Iran and Iraqi strongman Saddam Husayn signed an agreement yesterday purportedly resolving the conflict that has led to numerous armed border clashes between their two countries during the past year.

The accord was announced by Algerian President Boumedienne at the OPEC summit meeting in Algiers, after which the Shah and Saddam Husayn staged a public reconciliation. The two leaders were brought together through the mediatory efforts of Algeria, Egypt, and Jordan.

According to press reports, both sides agreed to define their river boundaries according to the mid-channel principle, exercise strict border control and prevent infiltration of subversives, demarcate their land frontiers according to agreed-to procedures, and regard a violation of any part of their accord as, in effect, a violation of the entire agreement.

Iraq's acceptance of the mid-channel river-boundary principle is a major concession. Iran had insisted during previous negotiations that agreement on this principle would be a test of Iraq's good faith.

Iran's concession, in turn, is implied in the border-control clause, which seems to prohibit further Iranian military aid to the rebellious Iraqi Kurds, who are almost wholly dependent on Iranian support.

The Kurdish issue--crucial in Baghdad's eyes--could be the subject of a secret agreement between Iraq and Iran. There has been no reported reaction by Kurdish leaders to the published accord.

The differences between the Shah and Saddam Husayn were substantial, and the new agreement may be more a hollow response to pressures for accommodation from important Arab leaders than a substantial understanding. Certainly the portion pertaining to violation does not augur well for the agreement's durability.

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If a meaningful accord has been reached, it presumably will be eventually reflected in a relaxation of military tensions along the border. The Kurds, pushed toward the Iranian border last fall, have failed to improve their military position during the winter. [REDACTED]

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THAILAND

Seni Pramot's proposed coalition government was defeated yesterday in a confidence vote in the National Assembly. The vote, which was 152 to 111 against the government, was conducted by secret ballot--a maneuver engineered by the conservatives to facilitate the purchasing of votes.

There is no precedent for the situation that Thailand now faces. The Sanya caretaker government has already resigned, and Seni's coalition never became the legal government. Presumably, Seni and his cabinet will stay on in a caretaker capacity until a new government can be formed.

Seni's somewhat controversial policy statement, which called for the withdrawal of all US forces within 18 months, was not the issue that brought him down. He was opposed by the political right, which has considerable support from the military elite, in part for his long-standing opposition to military rule.

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The initiative now shifts to the conservative bloc, which, together with the political center, controls the lion's share of the seats in the assembly.

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Khukrit is more acceptable than Seni to Thailand's vested interests. A respected journalist and former assembly speaker, Khukrit is supported by several key army generals, including the commander of the key Bangkok garrison and army commander Krit Siwara. Nevertheless,

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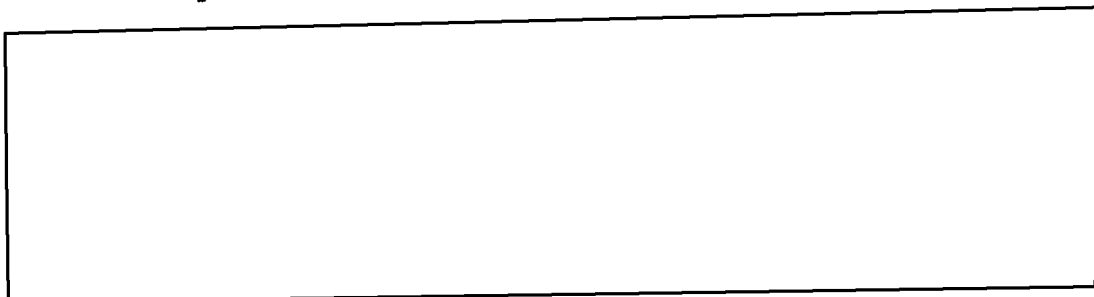
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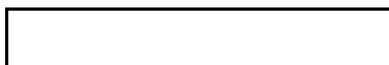
the conservatives will probably find the going equally tough in putting together a viable coalition. They will have to contend with the ambitions of many of the 22 parties elected to the assembly.

It is possible that the conservatives, as a means of forestalling a popular outcry against Seni's defeat, will attempt to equal if not outdo the Seni faction in bowing to nationalist pressures by demanding stepped-up US withdrawal. For example, conservative spokesman and party leader Praman has said that he thinks US forces should be withdrawn within one year.

There is no indication that the conservatives have a shadow cabinet in the wings. They apparently expended most of their efforts toward bringing Seni down. Thus, negotiations on selection of the key cabinet portfolios could drag on for several more weeks.



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SOUTH KOREA

Despite some problems, President Pak appears to be in a fairly strong position as he awaits the resurgence of domestic unrest traditionally associated with the opening of the spring semester at South Korea's colleges and universities.

The referendum of February 12, an exercise regarded with skepticism at home and abroad, contributed little to shoring up the position of the Pak government. It did, however, provide Pak with a face-saving device for releasing some 150 political prisoners whose detention over the past year had become a highly emotional issue in Seoul.

The prisoner release created a new set of opposition demands--for unconditional amnesty for former prisoners, investigation of torture charges, and new trials for those still in jail, including a number of alleged communists. Together with Pak's recent conciliatory rhetoric, however, the releases have helped to quiet some of Pak's domestic and foreign critics.

A number of other signs improve Pak's prospects for containing the opposition over the next few months:

--There is increased dissension within the major opposition party, the New Democrats. Some party members resent what they consider political grandstanding by party leader Kim Yong-sam, and former presidential candidate Kim Tae-chung is emerging as a possible rival for party leadership.

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--The top leadership of the Christian community is taking a more conciliatory approach. The widely respected Cardinal Kim has urged the more militant younger priests to limit their political activities, reasoning that there is now a viable and active opposition to carry the fight. Protestant leaders are also drawing back, for the time being, from active involvement in opposition activities.

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--The embattled Seoul daily Tonga Ilbo, which defied the government's press restrictions throughout the winter, recently carried out a management shake-up that is likely to lead to at least a temporary accommodation with the regime.

The major unknown factor at this point is the attitude of the university students as they return to the campuses around the middle of this month. If they press hard with street demonstrations--particularly on the basic issue of constitutional revision--a sharp government reaction, or overreaction, is possible. Mass arrests could quickly bring back the crisis atmosphere of last year.

Pak obviously hopes to avoid further confrontations on the 1974 pattern. In the weeks ahead he will probably try to hold to a reasonably moderate line: there will be efforts to open a dialogue of sorts with leading opposition figures; Pak may entice some opponents into a new "pan-national" cabinet; he also hopes that the opposition will vent some of its frustrations in a special National Assembly session. Pak's aides may even hold out an offer of sorts to consider constitutional changes. If these tactics do not work, however, Pak will not hesitate to use stronger measures.

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ANNEX

Communist Military and Economic Aid to North Vietnam,
1970-1974

We present the major conclusions drawn from recent interagency analyses of Communist military and economic aid to North Vietnam.

Communist aid to North Vietnam from 1970 to 1974 is estimated at \$5.6 billion. Total Communist military and economic aid in 1974 was higher (in current dollars) than in any previous year, [REDACTED]

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--The high level of military deliveries in 1972 replaced North Vietnamese combat losses in that year.

--The cessation of US air attacks in North Vietnam at the beginning of 1973 and the decline in combat activity in the South in 1973 resulted in decreases in air defense equipment assistance and in the amount of ammunition and ground-forces equipment provided to Hanoi.

--In 1974, the delivery of ammunition to Hanoi markedly increased and reached a level as high as that of 1972, although deliveries of ground-forces equipment continued at relatively low levels.

--At the levels of military aid shown, North Vietnam's military capabilities in the South have increased, demonstrating that NVA capabilities are not exclusively aid-driven--particularly when the aid flows of only one or two years are considered.

Economic aid to North Vietnam during 1970-1974 amounted to about \$3.6 billion, rising from almost \$700 million in 1970 to nearly \$1.2 billion in 1974.

--Economic aid was reduced to nearly \$400 million in 1972 with the closure of North Vietnamese ports, but with their reopening rose in 1973 and reached

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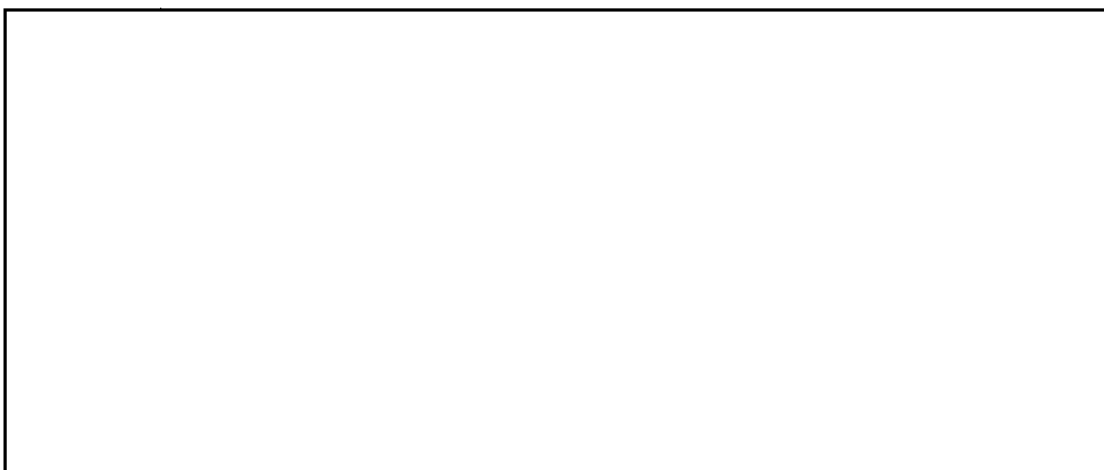
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a record level in 1974. The economic aid increase in 1974 was further spurred by typhoons which damaged the 1973 North Vietnamese autumn rice harvest, the inflation of dollar values in 1974, and the increased pace of North Vietnamese reconstruction in 1974.

--China became the leading supplier of economic aid for the first time in 1973.

The estimates of military and economic aid to North Vietnam are not equivalent to--and hence not comparable with--US aid to South Vietnam.



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--Military aid to North Vietnam is focused on materiel required for the type of military action undertaken by the Communist forces in South Vietnam--i.e., selected attacks from redoubt areas at times and places of their choice.

US military aid to South Vietnam supports a different military mission--i.e., defense of scattered communities, large agricultural areas, and lines of communication, plus reaction and reinforcement of local forces after Communist attack. As the total forces for the different missions differ in size, so do their requirements for assistance.



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Throughout the war, South Vietnam's forces have been roughly twice the size of North Vietnam's forces in the South, primarily because the missions of South Vietnam's forces--protecting population and holding territory--have required a much larger and more widely dispersed military structure.

--The GVN has therefore also required a combat air force and an ability to redeploy forces rapidly by ground and air transport. Thus, the types of equipment supplied to South Vietnam by the US have been more sophisticated and therefore more expensive than those required by Hanoi. South Vietnam also requires considerably more logistic support.

--In addition, shipping, overhead, and other support costs of military aid to the GVN are substantially more than support costs of Communist aid to North Vietnam because of the greater distance involved and other factors. [REDACTED]

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--On the economic aid side, much firmer data are available on the amount of goods delivered, although there is a lack of information on quality and appropriate price data, as well as on the number of technicians and academic trainees.

It should also be noted that, in the final analysis, what is significant is not so much the level of military assistance but the relative balance of forces on the battlefield in South Vietnam. North Vietnamese forces in South Vietnam, supported by record stockpiles of military supplies, are stronger today than they have ever been.

The Communists are expected to sharply increase the tempo of the fighting in the next few months. Given the present military balance in the South, the GVN's forces will not be decisively defeated during the current dry season. At currently appropriated levels of US military assistance, however, the level of combat that we anticipate in the next few months will place the Communists in a position of significant advantage over the South Vietnamese forces in subsequent fighting. [REDACTED]

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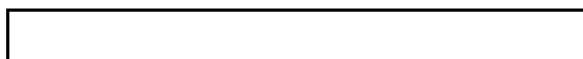
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